



Economic Incentives, Resources and Relief Programs for CA Manufacturers

July 23, 2020

Agenda

- **General Introduction to GO-Biz Services**
 - Technical Assistance & Resources for Small Businesses (Isabel Guzman)
 - Site Selection & Incentive Navigation (Kaina Pereira)
 - Permitting Assistance (Kaina Pereira)
 - International/Export Assistance (Kaina Pereira)
- **Tax Credits & Exemptions**
 - Partial Sales Tax & Use Exemption, R&D Tax Credit & New Employment Credit (Kaina Pereira)
 - California Competes Tax Credit (Scott Dosick)
 - Manufacturing and Recycling Full Sales and Use Tax Exclusion (Xee Moua)
- **Workforce Development Funding & Training Resources** (Robert Meyer & Linda Rosenberg)
- **CMTC COVID-19 Growth & Recovery Assistance** (Linda Rosenberg)
- **Financing/Loan Assistance** (Emily Burgos & Janae Davis)
- **Q&A**



Presenters



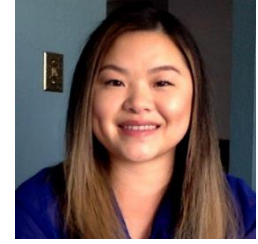
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Client Advisor
CMTc



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Director of Economic
Development
Employment Training
Panel



Emily Burgos
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Finance Center
Manager
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INTRODUCTION TO GO-BIZ SERVICES



California Office of the Small Business Advocate (Cal-OSBA)

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CAL-OSBA

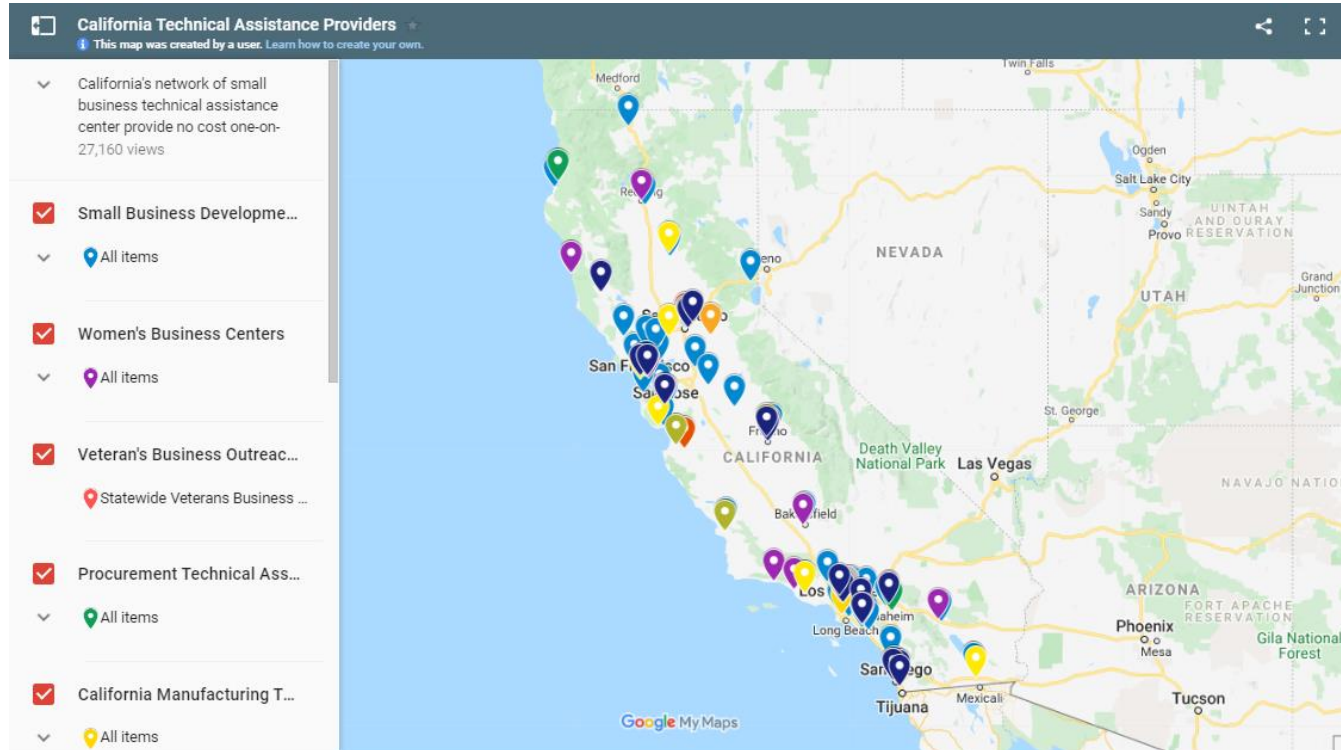
State Resources – Covid19 Response

- **Information/Resources**
 - Network of Small Business Centers
 - Entrepreneurship Task Force
- **Advocacy**
 - Priorities: Capital, Markets (Procurement, Trade & E-Commerce, Networks & Resources
 - Network of SB Advocates & Liaisons: Procurement & Regulation
- **Resilience**
 - COVID-19 Response & Planning Recovery



Small Business Centers

business.ca.gov/centers





Calling ALL Californians: #ShopSafeShopLocal

The Governor's Task Force on Business and Jobs Recovery launched **Calling All Californians: #ShopSafeShopLocal**, to encourage Californians to support small businesses and help all California small businesses operate safely amid the COVID-19 pandemic and grow their digital footprints.

- Connection to local and statewide resources to support adaptation
- Corporate Partner resources and offers
- Links to resources for health & safety guidance and PPE
- A free digital media toolkit for small businesses and partners for marketing and amplification



Calling ALL Californians: #ShopSafeShopLocal

business.ca.gov/shopsafeshoplocal



Calling ALL Californians: Shop Safe Shop Local - Governor Newsom's Task Force on Business and Jobs Recovery, along with CalOSBA and GO-Biz, are helping Californians #ShopSafeShopLocal to support small businesses and help all of our diverse neighborhoods thrive. Learn more.

CA GOV [Contact Us](#) [Select Language](#) [Settings](#)

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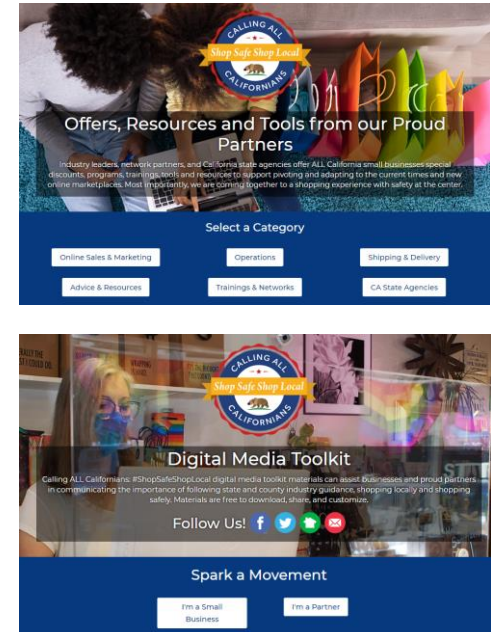
Calling All Californians: #ShopSafeShopLocal

Join us as we create a movement to support ALL of California's small businesses - which define our neighborhoods and create economic vitality in California.

Main Menu

[Partner Offers and Resources](#) | [Digital Media Toolkit](#) | [Industry Guidance](#) | [Personal Protective Equipment](#) |

[Free Business Consulting](#) | [Newsroom](#) | [Subscribe](#)



Offers, Resources and Tools from our Proud Partners

Industry leaders, network partners, and California state agencies offer ALL California small businesses special discounts, programs, trainings and resources to support growing and adapting to the current times and new retail markets. Most importantly, we are coming together to a shared experience with safety at the center.

Select a Category

- Online Sales & Marketing
- Operations
- Shipping & Delivery
- Advice & Resources
- Trainings & Networks
- CA State Agencies

Digital Media Toolkit

Calling ALL Californians: #ShopSafeShopLocal digital media toolkit materials can assist businesses and proud partners in communicating the importance of following state and county industry guidance, shopping locally and shopping safely. Materials are free to download, share, and customize.

Follow Us! [Facebook](#) [Twitter](#) [LinkedIn](#) [YouTube](#)

Spark a Movement

[I'm a Small Business](#) [I'm a Partner](#)



California Business Investment Services (CALBIS)

- **Tailored Site Selection Service**
- **Incentive Navigation**
- **Permit Assistance**
 - Permit Identification
 - Third Party Mediation
 - Online Permit Resources
 - Starter Kits
 - [CalGOLD](#) - Online Permitting Tool



International Affairs & Trade

- **Export Development & Promotion**
- **FDI Attraction & Retention**
 - Collaboration with international partners on inbound delegations, foreign missions, and international agreements
 - Trade & Investment representatives focused on global regions and specialists on exports and foreign direct investments



California State Trade Expansion Program (STEP)

- **Program to Assist Small Businesses with**
 - Export Assistance
 - Business Matchmaking
 - International Marketing Assistance
 - Participation in Training
 - Support for small business participation in foreign trade missions and sales trips
 - Subscription to services of the U.S. Department of Commerce
 - Trade Show Exhibitions



TAX CREDITS AND EXEMPTIONS



Partial Sales & Use Tax Exemption

- Partial Exemption applies only to the state sales and use tax rate
 - [General Manufacturing and R&D](#): 3.9375%
 - [Agricultural – Farm Equipment & Machinery](#): 5%
- Max Award: \$200M
- Claimed when purchasing equipment
- Administered by the CA Department of Tax & Fee Administration (CDTFA)
 - [Get it in Writing Program](#)



Research & Development Corporate Income Tax Credit

- Available to taxpayers engaged in qualified research activities in CA – claimed on tax returns
- Qualified Research Expense
 - Wages, supplies, contract research costs
 - Include basic or applied research of scientific inquiry, original investigation for the advancement of scientific or engineering knowledge or improved function of a business component
- Credit Amount – Max Award: \$200M
 - 15% of the excess of current year research expenditures over a computed base amount (minimum of 50% of research expense) OR
 - 24% credit for basic research payments to 3rd party organizations

[Click this Link for Program Overview](#)



New Employment Credit

- Hire Qualified Full-Time Employees:
 - Unemployed for longer than 6 months immediately preceding hire
 - Veteran separated from U.S. Armed Forces in the preceding 12 months
 - Earned Income Tax Credit recipient in previous taxable years
 - Ex-offender convicted of a felony
 - Current CalWORKS or general assistance recipient
- Pay Qualified Wages
 - Wages must exceed 150% of the employer's State minimum wage
- Within a Designated Geographic Area (DGA)
 - Designated census tracts that have the highest unemployment and highest poverty in the State
 - Former Enterprise Zones
 - Former LAMBRAS

[Click this Link for Program Overview](#)





GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR GAVIN NEWSOM



California Competes Tax Credit

Fiscal Year 2020-2021



The California Competes Tax Credit

California Competes Tax Credit

- Credit against the income tax due the Franchise Tax Board
- Non-refundable
- 6 tax year carryover

Accountability:

- Tied to achieving contractual (hiring/investment) milestones
- Recapture provisions



California Competes Tax Credit (Continued)

Credit awards are based on 12 factors:

- Number of jobs created or retained
- Compensation paid to employees
- Amount of investment
- Duration of proposed project and commitment to remain in this state
- Extent of unemployment or poverty in business area
- Extent the benefit to the state exceeds the amount of the tax credit
- Incentives available in other states
- Opportunity for future growth and expansion
- Other incentives available in California
- Overall economic impact
- Strategic importance to the state, region, or locality
- Training opportunities offered to employees



California Competes Tax Credit (Continued)

GO-Biz is also required to evaluate the extent to which the credit will influence the applicant's ability and/or willingness to create new full-time jobs in California that might not otherwise be created by the applicant or another California business

- How will this credit and – more specifically – the *amount* of credit being requested factor into the applicant's ability or willingness to expand in California?
- The Frequently Asked Questions on the GO-Biz website provide additional guidance.



California Competes Tax Credit Availability

Amount of Credits Available

- \$180 million per fiscal year 2018/19 through 2022/23
- No more than 20% may go to any one applicant per fiscal year



Application Periods

A total of \$231.1 million in California Competes Tax Credit will be available for allocation in the 2019-2020 fiscal year. The Director of GO-Biz sets the application periods each fiscal year:

Fiscal Year 2020-2021 (tentative)

July 27, 2020 – August 17, 2020

\$80 million

January 4, 2021 – January 25, 2021

\$80 million

March 8, 2021 – March 29, 2021

\$71.1 million



Application Process

- Online application submission: <https://www.calcompetes.ca.gov>
- Notices and technical assistance:
<http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit>
- Unsuccessful applicants may resubmit applications after updating the **Employees** and **Investment** sections and **Current Tax Year**



California Competes Tax Credit

Questions?



Apply: www.calcompetes.ca.gov
Email: calcompetes@gobiz.ca.gov
Phone: (916) 322-4051

Governor's Office of Business & Economic Development
1325 J Street, Suite 1800
Sacramento, CA 95814

<http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit>



Sales and Use Tax Exclusion (STE) Program



CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY

- Administered by CAEATFA
- Allocated \$100 MM in sales tax exclusion each calendar year
- Program is set to sunset January 1st, 2025
- Purpose of the Program is to promote:

California-based
jobs

California-based
manufacturing

Advanced
Manufacturing

Reduction in
greenhouse gas
emissions

Reduction in air and
water pollution

Reduction in energy
consumption



Eligible Manufacturers



Recycling: Materials recovery facilities, plastics, green waste and bio-waste

Advanced Manufacturing:
Aerospace, medical devices, biopharmaceutical, food production

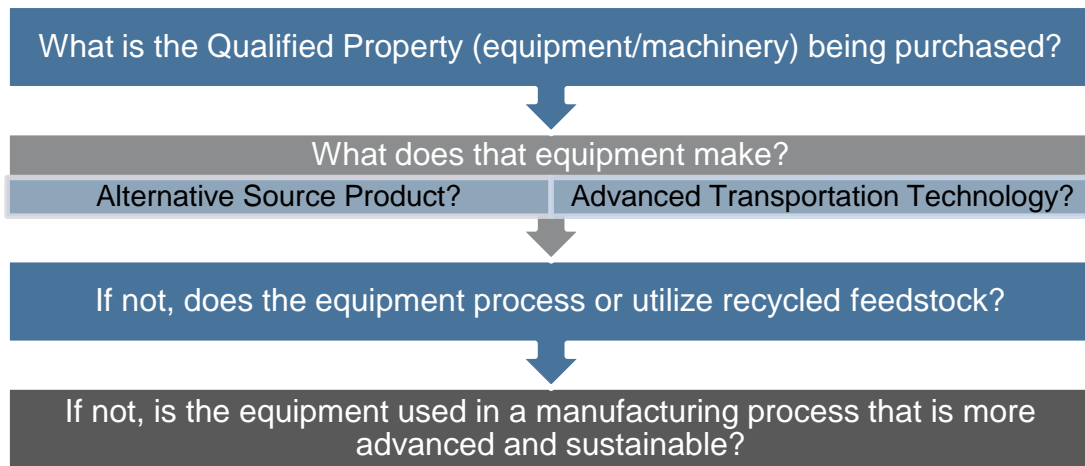
Alternative Source: Solar PV manufacturers, dairy digesters, biofuels

Advanced Transportation:
Electric vehicle manufacturers



Incentive and Project Qualification

- Excludes state and local sales and use tax of around 8-10% on Qualified Property (eligible manufacturing equipment and machinery)
- “Project” means:
 - Tangible personal property if at least 50% of its use is either to process recycled feedstock that is intended to be reused in the production of another product or using recycling feedstock in the production of another product or soil amendment, or
 - Tangible personal property used in the state for the design manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems. (Public Resources Code Section 26011.8(b)(1))



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How to be Considered?

- Applicant must be a qualifying manufacturer (as defined)
- Submit an application
 - Two-part application found on our website at:
<https://www.treasurer.ca.gov/caeatfa/st/e/application/index.asp>
 - 60-day minimum review period
 - Application Fee: .0005 of equipment (\$250-\$10,000)
 - Upon approval, Administration Fee: .005 of equipment (\$15,000-\$350,000)
(Fees being assessed in current regulatory process)
- Each project is evaluated to ensure a net benefit to the State (fiscal and environmental)
- Receive approval from CAEATFA Board and enter into a legal agreement
- Currently companies are provided 3 years from the date of approval to make purchases
 - Compliance reports submitted annually (Jan. 31st) and semi-annually (July 31st)
 - 15% purchase requirement within 18 months of approval date



Potential Program Changes

- Program has seen increased competitiveness; the 2019 allocation of \$100 million in STE was oversubscribed in July 2019 and the 2020 allocation was oversubscribed in one application round. CAEATFA staff are currently undertaking a stakeholder process to modify program regulations.
- Potential topics of change include:
 - Per applicant cap (currently \$10 million in STE) and application cycle
 - New competitive criteria
 - Award utilization term
 - Application to evaluate new or loss jobs, including the average & minimum wage for each classification of full-time employees proposed to be hired or not retained (AB 176)



What Now?

- Subscribe to our List Serv to receive program updates at: <https://www.treasurer.ca.gov/caeatfa/ste/index.asp>
- We are currently drafting regulation text and would like to hear from you! <https://www.treasurer.ca.gov/caeatfa/ste/regulations/index.asp>
- Planning for the future? Contact us to discuss eligibility and process at: caeatfa@sto.ca.gov

WORKFORCE DEVELOPMENT FUNDING & TRAINING RESOURCES



Employment Training Panel

ETP is a State agency that uses a **pay-for-performance contract** to reimburse the costs for employer-customized job skills training.

- Single Employer and Multiple Employer Contract Formats
<https://etp.ca.gov/training-opportunities/>
- Application Process Assistance and Interactive Orientation
<https://etp.ca.gov/getting-started/apply-for-funds/interactive-orientation/> or call (916)327-5258
 - **ETP will fund \$80 Million in training for FY20/21.**
- CMTC provides turnkey ETP training & funding services



ETP COVID-19 Rapid Reemployment and Training Pilot

Increase access to healthcare, food supply chain industries and industries critical to reopening of the economy.

Code	Industry		Code	Industry
11	Agriculture		3391	Medical Equipment Manufacturing
311	Food Manufacturing			
3121	Beverage Manufacturing		445	Food & Beverage Stores (ie Grocery Stores)
3345	Measuring Device Manufacturing		44611	Pharmacies
3254	Medical/Pharmaceutical Manufacturing		541380	Testing Laboratories
3256	Soap & Toilet Paper Manufacturing		62	Healthcare



ETP COVID-19 Rapid Reemployment and Training Pilot

- Focus will be on New Hire and Job Creation Retraining. May include backfill reemployment and furlough impacted workers.
- Reimbursement is \$2,000 per trainee for 4 hours of job skills training. Maximum flexibility for training topics and delivery method.
- Wage Requirement is \$17.50/hour (with to \$2.50 in employer paid benefits). Modified Retention Requirements: 20hrs per week
- Pilot projects will be capped at \$200,000 and may be held with concurrently with standard ETP contracts.



CMTC ETP/Workforce Development Assistance

- Continuous Improvement
- Lean
- Quality Management
- Marketing and Sales
- Advanced Manufacturing
- Workplace Safety
- Food Safety
- Leadership Training
- Change Management
- Financial Planning



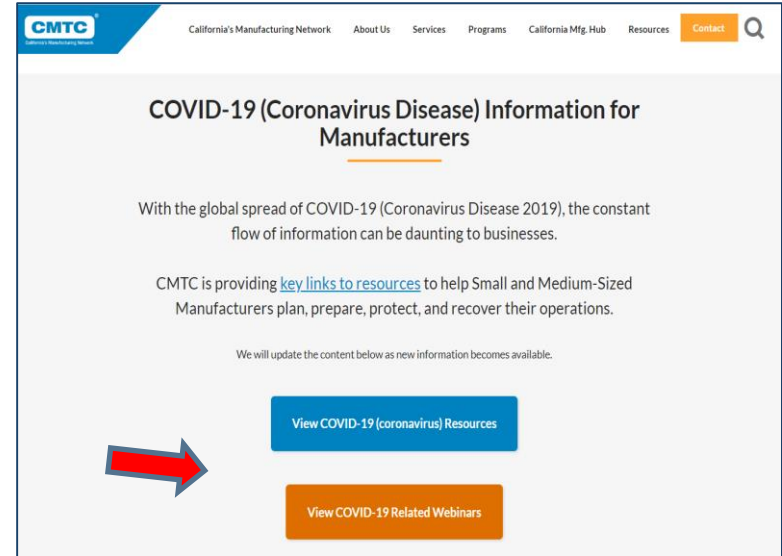
CMTC COVID-19 RECOVERY & GROWTH ASSISTANCE



CMTC Assistance For CA Manufacturers

- Customized COVID-19 Recovery and Growth Assistance: <https://bit.ly/cmtc-covid-assist>
- Online resources
- Webinars
- Cybersecurity
- Recruiting
- HR
- Supply Chain/Supplier Scouting
- Cost Reduction

Request CMTC assistance [here](#).



[CMTC.com](https://www.cmtc.com)



FINANCING/LOAN ASSISTANCE



Disaster Relief Loan Guarantee Program



SMALL BUSINESS DISASTER RELIEF LOAN GUARANTEE PROGRAM

1

WHO QUALIFIES? ARE YOU ELIGIBLE?

Small Businesses located in California with 1-750 employees that have been negatively impacted or experienced disruption by COVID-19 and eligible nonprofits can use the disaster relief loan guarantee program.



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Disaster Relief Loan Guarantee Program

2

FIRST STEP -- APPLY FOR A LOAN

CONTACT A PARTICIPATING LENDER in your area (participating lenders are listed at: <https://ibank.ca.gov/small-business-finance-center/>) and apply for a loan. You also can receive help in the application from your local Small Business Development Center.

3

HOW DOES A LOAN GUARANTEE WORK?

A loan guarantee mitigates the risk assumed by a traditional lending institution. A bank is more willing to provide access to capital if there is a guarantee in place that would repay up to 95% of the loan should there be a default.



Disaster Relief Loan Guarantee Program

4

WHAT CAN LOAN PROCEEDS BE USED FOR?

The funds are meant to help small businesses through this challenging time. Loan proceeds can be used for business continuance or to cure "economic injury" as a result of the COVID-19 pandemic.

5

WHAT ARE THE LOAN TERMS?

The loan can be guaranteed up to 7 years and cover up to 95% of the loan. The interest rates are negotiated between the lender and the borrower. Qualifications are based on lender criteria.

VISIT WWW.IBANK.CA.GOV FOR MORE INFORMATION.
FDCS ARE AVAILABLE TO PROCESS THE GUARANTEE
ON A LOAN PROVIDED BY YOUR LENDER!



Disaster Relief Loan Guarantee Program

www.ibank.ca.gov



California Capital Access Program (CalCAP) for Small Business

- Supports California small businesses, including non-profits, by facilitating banks and other financial institutions to make loans to small businesses.
- CalCAP's loan loss reserve program provides lenders with up to 100% coverage on losses that may result from loan defaults.
- Maximum loan amount is \$5 million and maximum enrolled amount is \$2.5 million.
- Extra support is available for loans enrolled by lenders to businesses in communities with high unemployment or those directly impacted by COVID-19.
- Lenders set the terms and conditions of the loans pursuant to the their prudent underwriting policies.

www.treasurer.ca.gov/cpcf/calcap/sb/institutions.pdf



CalCAP Collateral Support Program

- Pledges cash to cover the collateral shortfall of a loan in order to enable financing that otherwise might not be available to a small business to finance.
- \$50,000 minimum and \$20,000,000 maximum for under collateralized loans.
- Extra cash support is available to support loans enrolled by lenders for:
 - “Green” and manufacturing businesses
 - Loans between \$50,000 and \$250,000
 - Businesses in communities with high unemployment
 - Businesses directly impacted by COVID-19
- \$2.5 million maximum collateral support per loan and borrower.

www.treasurer.ca.gov/cpcfa/calcap/collateral/institutions.pdf



CPCFA's Private Activity Pollution Control Bond Program

- Since 1973 CPCFA's Private Activity Bond Program has allowed California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds.
- Bonds pay for the acquisition, construction or installation of pollution control, water furnishing, waste disposal, and waste recovery facilities and equipment.
- CPCFA maintains a Small Business Assistance Fund (SBAF) to pay for qualified issuance costs that reduce the net cost of financing tax-exempt bonds for small businesses.

https://www.treasurer.ca.gov/cpcfa/tax_exempt.asp



CPCFA's Industrial Development Bond Program

- Tax-exempt Industrial Development Bonds (IDBs) offering interest rate savings with the goal of creating new jobs within the community.
- As a conduit issuer CPCFA can issue IDBs for projects which involve a pollution control facility and that also feature a manufacturing component.
- A pollution control facility which provides or is designed to provide:
 - Pollution control, reduction, abatement, remediation, elimination or prevention
 - Air, water or soil quality improvement
 - Safe handling, recycling or disposal of materials that might otherwise be improperly disposed of or that provide for environmental restoration, clean-up or enhancement
 -

<https://www.treasurer.ca.gov/cpcfa/cpcfaidb.asp>



Q&A

THANK YOU!

- **We would appreciate any comments regarding this webinar (either positive or feedback for improvement):**

[Click here to take 30-second survey](#)

